

**CALIFORNIA  
ENERGY  
COMMISSION**

**PETROLEUM FUELS SET ASIDE PROGRAM**

**REQUEST FOR EMERGENCY  
FUELS ALLOCATION**

**APPLICANT HANDBOOK**

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*Gray Davis, Governor*

# **CALIFORNIA ENERGY COMMISSION**

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# INTRODUCTION

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Governor Gray Davis has designated the California Energy Commission (Energy Commission) as the agency responsible to administrate the Petroleum Fuels Set-Aside Program (Fuels Set-Aside Program). This program allocates petroleum fuels to eligible end users and communities to help resolve hardships during a proclaimed energy emergency.

During a proclaimed state of emergency, the distribution of intrastate petroleum and petroleum product stocks that are essential to life, property, and critical services shall be held subject to the control of the Energy Commission. The allocation of these essential fuels constitutes the Fuels Set-Aside Program. The total amount of all fuel types available for the Fuels Set-Aside Program is based on in-state refinery production capabilities at the time of the state of emergency.

You may be eligible for the program, if you use petroleum fuel for operating equipment, producing crops, moving goods and people, or maintaining essential services, and can prove justifiable hardship.

## PURPOSE OF THE PROGRAM

The California's Fuels Set-Aside Program is to help mitigate regional shortages and hardships for end users who are unable to acquire essential volumes of fuel at any price.

The Fuels Set-Aside Program is implemented only after the Governor proclaims a state of emergency and when market forces, voluntary conservation, or other mandatory programs are unable to

maintain an adequate and equitable distribution of fuel.

The State's Fuels Set-Aside Program is designed to cause only minimal interference with the market, using a percentage of in-state refinery production volumes that are sufficient only to satisfy hardship and emergency cases. The program makes no attempt to reduce or inhibit the market price of fuels. All fuel delivered through the program will be purchased at the market price, and whenever possible, through the usual supplier.

## PURPOSE OF THIS HANDBOOK

This handbook provides a description of the application process allocating of fuel supplies in the event of an energy shortage. The handbook explains the purpose of the Fuels Set-Aside Program, the eligibility requirements for each program category, how the application process works, instructions for completing the application form, audit procedures to discourage or detect fraud, and procedures for appeal if the application is denied.

## STRUCTURE OF THE PROGRAM

The specific management of the Fuels Set-Aside Program is located in the Fuels Office and is the responsibility of the Fuels Allocation Officer.

The Fuels Set-Aside Program is divided into three categories:

- Emergency Services
- Community Hardship
- Basic Set-Aside

To achieve maximum flexibility in the Fuels Set-Aside Program, the individual categories within the program are implemented only as directed by the Chairman of the Energy Commission or the Commissioners with major responsibility for contingency planning. Thus, all categories will not automatically become effective when the Fuels Set-Aside Program is implemented.

The Fuels Set-Aside Program ends when the Governor rescinds the emergency proclamation or chooses to terminate the program.

## **AUDIT PROCESS**

Provisions exist for auditing or investigating applications to discourage and prosecute those who would abuse the Fuels Set-Aside Program. The audit is intended to prevent misrepresentation of facts, use of the fuel for a purpose other than as stated, or resale of the fuel. The Fuels Office is responsible for identifying suspected fraud. The Tax Collection and Refund Division of the State Controller's Office is responsible for conducting the investigation.

Three criteria are used to select the applications to audit:

- Suspicion of Abuse
- Public Complaint
- Random Selection

**Suspicion of Abuse:** Applications are entered into a database to screen for discrepancies and possible abuse.

**Public Complaint:** If the Fuels Office receives a public complaint, particularly if accompanied by a written report, the application will be reviewed for possible investigation.

**Random Selection:** At the discretion of the Fuels Allocation Officer, applications may be randomly selected for audit.

Any person who knowingly violates the rules and regulations of the Fuels Set-Aside Program is guilty of a misdemeanor and will be punished to the full extent of the law. The Attorney General or prosecuting attorney of a county will prosecute alleged violators.

# APPLICATION PROCEDURES

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Read this section carefully, if you think you may be eligible for fuel supplies from the Fuels Set-Aside Program. It contains step-by-step instructions you will need to follow in order to complete the application form.

If you need technical assistance in filing the application, you should contact the Fuels Office at (916) 654-4868. Questions may be directed to the Commission's Public Adviser at (916) 654-4489 or toll-free at (800) 822-6228.

## IMPORTANT

**Fuel will be allocated on a month-by-month basis. Therefore, you must file an Application for Emergency Fuel Allocation (FAO-20) at the beginning of each month that you require an emergency allocation. You must also complete a separate application for each type of fuel you require (gasoline, diesel, etc.).**

### The application process is as follows:

- Determine Your Eligibility
- Complete the Form
- File the Application
- Purchase the Fuel

## DETERMINE YOUR ELIGIBILITY

The first step in the application process is to determine your eligibility for the program.

The Fuels Set-Aside Program is divided into three categories:

**Emergency Services:** This category of the program allows end users who provide emergency, health, safety, or essential services to receive fuel during a crisis.

You are eligible to apply within this category, if you are a provider of emergency services (police, fire, emergency medical, etc.) and are unable to obtain fuel supplies.

**Community Hardship:** This category allows for distribution of fuels to qualified areas.

You may be eligible to apply within this category, if you are an individual, association, retailer, or governmental agency in a community, which is experiencing a fuel emergency or hardship, or is receiving less than 80 percent of the allocation fraction. A community is defined as one of the following:

- City
- County
- Geographical area consisting of at least 50 square miles
- Geographical area of 5 square miles but containing no more than 10 service stations
- Military base exchange

Community Hardship is the only category of the program where retail service stations may be eligible for a fuels set-aside allocation. When filling out the Application for Emergency Fuel Allocation (FAO-20), you must include a description of the boundaries of the community and how the shortage is affecting the community.

**Basic Set-Aside:** This category allows distribution to end users who can demonstrate they are having difficulty obtaining fuel supplies at any price.

If you are experiencing a fuel hardship or emergency, but do not qualify for either of the other two categories, you may be eligible to file within this category.

## COMPLETE THE FORM

Following are the step-by-step instructions for filling out the form needed when applying for emergency fuel. The form called the Application for Emergency Fuel Allocation (FAO-20) is located in the back of this handbook. The numbers in the steps below correspond to the numbers within the field spaces on the form.

1. **Applicant Name:** The name of your firm, or if not a business, enter your name.
2. **Tax ID Number:** The tax identification number used for filing with the Internal Revenue Service for the requesting firm. If requesting fuel as an individual, enter your social security number.
3. **Contact Person:** The name of the person who should be contacted for further information.
4. **Phone Number:** The area code and telephone number of the contact person.
5. **Mailing Address:** Mailing address for applicant (including the county).
6. **FAX Number:** The fax number of the contact person.
7. **Delivery Address:** Delivery address for requested fuel (if different from mailing address).
8. **Distributor:** Enter the name of your local distributor, jobber, or consignee's firm. Enter the oil company's name, if you do not normally receive fuel through a local distributor, jobbers, or consignee but instead receive fuel directly from an oil company.
9. **Distributor's Contact Person:** Enter the name of the person you normally contact to place a fuel order.
10. **Distributor's Phone Number:** Enter the area code and telephone number for the contact person.
11. **Distributor's Address:** Enter the distributor's mailing address.
12. **Distributor's Primary Source of Fuel:** Provide the name of your distributor's main source of fuel, the oil company for your distributor. Include Type of Truck used or other special requirements.
13. **Month and Year Applying for:** The month and year for which you are requesting emergency fuel allocation.
14. **Program Category:** Check only one program category, depending on your situation. See the previous section entitled, "Determine Your Eligibility" for a detailed description.
15. **Fuel Use Category:** Check one category, which best describes the activity for which the fuel is to be used. Figure 1 contains examples, which illustrate some possible activities for each category. However, the categories are not limited to these examples.

**16. Amount of Fuel Applying for:** Refers to the amount of fuel you are requesting for emergency allocation (in gallons). This number should not include fuel you are able to obtain from other sources.

**17. Percentage of Total Fuel Requirements:** Divide the amount of emergency fuel you are requesting by your total fuel requirements (please round off to a whole number). For example, if you require a total of 10,000 gallons to operate your business, can acquire 3,000 gallons elsewhere, and therefore need 7,000 gallons for emergency allocation, your percentage would be 70 percent (7,000 divided by 10,000).

**18. Fuel Type:** Check only one type of fuel for each request. A *separate application* must be filed for each type of fuel.

**19. Describe the Hardship or Emergency:** This step is for community hardship and basic set-aside category applicants only. Describe the circumstances and situations relating to your hardship or emergency. Also, describe your efforts to obtain fuel from other sources (you may attach additional sheets if necessary). Emergency Service category applicants are not required to complete this section.

FIGURE 1 FUEL USE CATEGORIES	
CATEGORY	EXAMPLES
Agriculture	Agricultural Production (including Agricultural Trucking and Agricultural Aviation)
Aviation	Commercial Aviation for Passengers and Cargo (other than agricultural), Aviation Ground Support Vehicles and Equipment
Emergency Services	Police, Fire, Ambulance, Dispatch Services, Emergency Shelters
Energy Production	Includes Diesel Fuel for Electric Generating Systems and Back-Up
Government	Critical Maintenance Activities such as Snow Removal, Landslide Clean-Up, Dam Repair
Health Care Services	Hospitals, Clinics, Nursing Homes
Marine Transportation	Non-Military Cargo, Passenger and Fishing Vessels
Passenger Services	School Buses, Regional Transit Systems, Taxis, Commercial Bus Lines
Trucking	Cargo, Freight and Mail Hauling by Truck (including Diesel Truck Stations)
Utility Services	Electricity, Natural Gas, Water, Telephone, Telegraph, Sanitation
Other	



## FILE THE APPLICATION

Make sure all sections of the application are completed or marked “not applicable” and that you sign the application. An unsigned application is not considered a legal document (if submitted through FAX or through postal mail), and fuel will not be allocated without a signature.

All application forms must be mailed, faxed, or submitted online at:

<http://www.energy.ca.gov/setaside/>  
to the California Energy Commission at the following address:

Fuels Office  
California Energy Commission  
1516 Ninth Street, MS-23  
Sacramento, CA 95814-5512  
FAX: (916) 654 - 4685  
Email: [setaside@energy.state.ca.us](mailto:setaside@energy.state.ca.us)  
Website: <http://www.energy.ca.gov/contingency/>

## PURCHASE THE FUEL

The Fuels Office will send you a letter notifying you whether your application has been approved or denied. You may receive approval for emergency fuel but not for the full amount requested.

You must take this letter to your distributor or retailer to obtain your fuel. In addition, you must make your own arrangements with the supplier for delivery and payment. The state of California makes no guarantee for payment or acts as surety for payment.

If your application was denied (or only partially approved), you may appeal the decision. The appeal procedures are located in the section entitled, “Appeal Process.”

### IMPORTANT

**Sign and date the application. An unsigned application is not considered a legal document, and fuel cannot be allocated without a signature.**

**If your application is incomplete or unsigned, it may be returned to you for completion.**

**Applications filed electronically will require a hand-signed original to be mailed or faxed within 5 business days of the original electronic submission.**

# APPEAL PROCESS

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If the Fuels Office denies your application or grants less fuel than requested, you may file a written appeal with:

Fuels Office  
California Energy Commission  
1516 Ninth Street, MS-23  
Sacramento, CA 95814-5512

In an emergency, the appeal must be filed within 15 days after the date of notification of the decision. In an appeal, you must fully explain your objection to the decision and why your particular situation constitutes a hardship or emergency.

The Review Officer, who is independent of the Fuels Office, will review your appeal. The Review Officer has 15 days after the appeal has been received by the Energy Commission to stipulate one of three possible actions:

- Reverse the prior decisions and grant the requested fuel.
- Modify the prior decision and grant an increase in the amount of fuel originally allocated.
- Affirm the prior decision and deny the application with cause.

The Fuels Office will notify the applicant by mail of its decision within 15 days after the appeal is filed.

You also are entitled to a public hearing on your appeal, which you may request at the time you file your appeal. The hearing will be scheduled within seven days after the appeal has been docketed. The Energy Commission's Public Adviser is available to provide procedural advice. For further information call (916) 654-4489 or toll-free at (800) 822-6228 or visit our website at [\[www.energy.ca.gov\]](http://www.energy.ca.gov).